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THE WHITE HOUSE

WASHINGTON

September 22, 1994

MEMORANDUM FOR NEC DEPUTIES

FROM: BO CUTTER

SUBJECT: Fast Track

In light of the recent decision not to pursue fast track as part of the Uruguay Round bill, it is important that we begin preparations so that we can do so early next year. Below is a set of assignments intended to start a process for developing the Administration's fast track position and strategy. They focus on the following issues: 1) future trade agenda; 2) labor and environment; 3) strategy.

I suggest that the relevant agencies begin work in each of the areas identified below. The end result might be a short (i.e., 2-page) paper that lays out the Administration's approach. For example, OEP and USTR might begin to explore what specifically it is we seek in trade and the environment, how we intend to pursue it, and whether it requires fast-track authority.

Specifics of Fast Track Proposal (i.e., drafting): USTR/NEC

Plan for Consultations with the Labor, Environment, and Business Communities: USTR

Congressional Plan: USTR

Environmental Issues: USTR/OEP

Labor Issues: USTR/DOL

Future Trade Agenda (e.g., Latin America, APEC, competition policy, foreign corrupt practices): NEC/USTR

Political Strategy (e.g., coalition, packaging): NEC/USTR

Timeline for Work Plan and Legislation: NEC/USTR

There will be an NEC Deputies Meeting next week to discuss this agenda and to start this process.

Lael - draft for your comment -
Punke

MEMORANDUM FOR SANDY BERGER AND BO CUTTER

FROM: BOB KYLE
LABEL BRAINARD
MICHAEL FROMAN
MICHAEL PUNKE

RE: FAST TRACK MEETINGS

DATE: JANUARY 10, 1995

This memorandum outlines next steps for considering the issue of fast track. With Congress back in town, we believe it is important to reach broad decisions soon. In particular, we recommend that you hold a small, senior meeting -- this week, if possible -- to decide the threshold issue of <u>when</u> to move forward with legislation granting fast track authority.

If we decide to move ahead soon, we recommend that you establish an NSC/NEC process to resolve fast track related issues and to coordinate message.

<u>Small Meeting</u>

The goal of the small meeting should be to decide when to move forward with a request for fast track authority. Meeting participants would include you, the Chief of Staff, Bob Rubin, Mickey Kantor and Pat Griffin.

[??In September, the President said he would seek fast track as an "early priority" in the new year. precise commitment??]

As you know, the President committed at the Summit of the Americas to negotiate a "Free Trade Area of the Americas" by 2005. The President (along with his counterparts from Mexico, Canada and Chile) also committed to begin immediate negotiations to allow Chile to join the NAFTA. Early discussions with Chile will begin this month. The four leaders agreed to a ministerial meeting in May to review progress and begin negotiations in earnest.

Without fast track authority, an agreement with Chile would be subject to amendment on the floor. In the past, our trading partners have insisted on fast track authority before entering serious negotiations. Without fast track, they fear that Congress will upset delicately balanced concessions. Securing fast track authority therefore is critical to maintain the momentum generated by NAFTA and the Summit of the Americas. Latin America will watch negotiations with Chile as a bellwether of U.S. willingness to follow-through.

At the same time, there may be those in the Administration who fear that a broad effort now to secure fast track will undermine other important goals of the Administration. In this light, they may not view fast track as an early priority. This should be discussed at the meeting.

White House Process

Assuming there is a desire to move forward on fast track in the near term, we recommend that you organize an NEC/NSC process for resolving key issues and coordinating message. For example, we will need a tightly-run process to determine how to handle the issues of labor and the environment. Coordination of message on these points will be important as we move forward.

At the same time, the Administration will need to begin quiet consultations with key Hill leaders. There is an emerging consensus that we should work with Congress from the outset to develop a compromise fast track proposal rather than putting out our own.

Administration Proposal

REVISED ADMINISTRATION PROPOSAL FOR FAST TRACK AUTHORITY
August 9, 1994

I. TRADE AGREEMENT AUTHORITIES

A. Tariff Proclamation Authority Regarding Tariff Barriers

Provides authority to the President until June 15, 1997 (unless extended to June 15, 1999) to proclaim tariff modifications in order to implement a trade agreement that reduces or eliminates tariffs that burden U.S. foreign trade and that promotes the objectives of the title.

B. Tariff and Nontariff Agreements Eligible for Fast Track Procedures

Provides that the President may until June 15, 1997 (unless extended to June 15, 1999) enter into bilateral, regional or multilateral trade agreements providing for the reduction or elimination of tariff and non-tariff barriers and may submit implementing legislation for such agreements under the fast track procedures if the below conditions are satisfied.

(1) Prenegotiation Notice and Consultations -- At least sixty-calendar days prior to starting formal negotiations, the President will have to provide written notice to the Congress of his intent to enter into negotiations on an agreement and consult with the relevant committees regarding the negotiations. The notice should set forth the specific U.S. objectives for the negotiations.

Prior to submission of the notice to Congress, the President will be required to seek the advice of and consult fully with the relevant private sector advisory committees established pursuant to section 135 of the Trade Act of 1974 regarding the proposed negotiations and the negotiating objectives he proposes to establish for them.

During the 60-calendar days following the notice or the first 15 legislative days following the notice, whichever is longer, either House may disapprove the application of fast track procedures for the particular agreement by passing a procedural disapproval resolution.

Certain negotiations which have already been notified or which are close to conclusion will be exempt from this requirement.

(2) Objectives and Prenegotiation Procedures -- The agreement must make substantial progress toward meeting the negotiating objectives of this title. In addition, the traditional pre-negotiation procedural requirements (public hearings, USITC and other agency advice) under sections 131-134, the reservation requirements under section 127, and the private sector advisory

committee requirements under section 135 of the 1974 Trade Act of 1974 would continue to apply.

(3) Post-negotiation Consultations -- Before signing an agreement, the President must give Congress advance notice of his intention to enter into the agreement and consult with the House and Senate committees of jurisdiction. The consultations should cover the provisions of the agreement, how and to what extent it will achieve the negotiating objectives, and all matters relating to implementation. The President will be required to give 120 day advance notice in order to permit the private sector advisory committees 45 days to submit their reports evaluating the agreement and the Congress time to consider the reports and the agreements before they are signed.

II. FAST TRACK PROCEDURES

A. Documentation

After the President enters into an agreement, he must submit certain documentation, including a copy of the final legal text of the agreement together with a draft implementing bill, a statement of administrative action and certain specified supporting information, including a statement which:

(a) asserts that the agreement makes progress in achieving the applicable objectives in this title;
(b) sets forth the President's reasons as to, among other things, how the provisions of the implementing bill relate to the negotiating objectives in this title, and
(c) describes any environmental and conservation issues for the United States associated with the agreement.

B. Fast Track Procedures

Formal fast track procedures of sections 151 of the 1974 Act (19 U.S.C. 2191) would apply with the following amendments:

Extension Request -- The fast track procedures will be extended until June 15, 1999 only if the President requests an extension before March 15, 1997 and neither House of Congress adopts an extension disapproval resolution before June 15, 1997. The extension request will have to be accompanied by a report describing any agreements which are expected to be negotiated during the extension period, the progress that has been made in agreements for which negotiations have already started and the reasons why the extension is needed. The Advisory Committee for Trade Policy and Negotiations will have to submit a report at the time the extensions request is made. The mid-term extension procedures provided for in the 1988 Trade Act will apply to Congressional consideration of extension disapproval resolutions.

Additional Limitations--
(a) The fast track procedures will not be available if both Houses of Congress pass procedural disapproval resolutions during any 60 legislative day period before June 15, 1999. These procedures are similar to the "reverse fast track" procedures in the 1988 Act.

(b) In addition to the notification and consultation requirements before and after negotiation of the agreement and the prenegotiation disapproval process, the fast track procedures will only be available for a bill implementing a particular agreement, if:

(i) the agreement makes substantial progress in meeting the principal trade negotiating objectives set forth in this title,

(ii) the provisions of the implementing bill are reasonably related to the principal trade negotiating objectives set forth in this title, and

(iii) the implementing bill does not contain provisions changing U.S. labor or environmental laws.

The time-periods in section 151(e) regarding committee and floor consideration will remain unchanged.

III. NEGOTIATING OBJECTIVES

The proposal sets forth both overall and principal negotiating objectives for agreements which will be subject to the "fast track procedures." The overall objectives are to obtain more open, equitable, and reciprocal market access; to further strengthen the system of international trading disciplines and procedures, and to foster economic growth and full employment in the United States and the global economy.

Principal negotiating objectives are set forth for trade in goods, trade in services, trade in financial services, foreign direct investment, intellectual property, transparency, trade in civil aircraft and trade in basic telecommunication services. They provide for expanded market opportunities and more open and fair overall conditions for trade in goods, the elimination and reduction of barriers in the areas of trade in services, financial services and basic telecommunication services and foreign direct investment. The objectives also provide for furthering the promotion of adequate and effective protection of intellectual property and improving market access opportunities for persons relying on such protection. For trade in civil aircraft, the objectives provide for the obtaining of competitive opportunities for U.S. exports, reducing barriers and maintaining disciplines on subsidies. The proposed legislative language for all negotiating objectives is attached.

ATTACHMENT -- LEGISLATIVE LANGUAGE ON TRADE NEGOTIATING OBJECTIVES
August 9, 1994

Sec. xx1. Trade Negotiating Objectives

(a) OVERALL TRADE NEGOTIATING OBJECTIVES.--- The overall trade negotiating objectives of the United States for agreements subject to the provisions of section xx2 are to:

(1) obtain more open, equitable, and reciprocal market access;

(2) further strengthen the system of international trading disciplines and procedures, and

(3) foster economic growth and full employment in the United States and the global economy.

(b) PRINCIPAL TRADE NEGOTIATING OBJECTIVES.---

(1) TRADE IN GOODS.-- The principal negotiating objective of the United States regarding trade in goods is to expand competitive market opportunities for United States exports in foreign markets substantially equivalent to the competitive opportunities afforded foreign exports to United States markets and to obtain more open and fair overall conditions of trade by reducing or eliminating specific barriers and other trade distorting policies or practices.

(2) TRADE IN SERVICES.-- The principal negotiating objective of the United States regarding trade in services is to reduce or eliminate barriers to international trade in services, including regulatory and other barriers that deny national treatment and restrict the establishment and operations of service suppliers.

(3) TRADE IN FINANCIAL SERVICES.-- The principal negotiating objective of the United States in the extended negotiations on financial services to be conducted under the auspices of the WTO is to secure commitments, in a wide range of commercially important industrial and developing countries, to a reduction or elimination of barriers to the supply of financial services, including barriers that deny national treatment and restrictions on the establishment and operation of financial services providers, as the condition for offering U.S. commitments in each of the financial services subsectors on an MFN basis.

(4) FOREIGN DIRECT INVESTMENT.-- The principal negotiating objective of the United States regarding foreign direct investment is to reduce or eliminate artificial or trade-

distorting barriers to foreign direct investment by--
(A) reducing or eliminating exceptions to the principle of national treatment,
(B) freeing the transfer of funds related to investments,
(C) reducing or eliminating performance requirements,
(D) affirming international legal standards for expropriation and compensation for expropriation, and
(E) providing meaningful procedures for resolving investment disputes.

(5) INTELLECTUAL PROPERTY.-- The principal negotiating objectives of the United States regarding the protection of intellectual property rights are-
(A) to accelerate the implementation of the Agreement on Trade-Related Aspects of Intellectual Property Rights referred to in section 101(d)(15) of the Uruguay Round Implementation Act;
(B) to seek enactment and effective implementation by foreign countries of laws to protect and enforce intellectual property rights that supplement and strengthen the standards of the Agreement on Trade-Related Aspects of Intellectual Property Rights referred to in section 101(d)(15) of the Uruguay Round Implementation Act and the North American Free Trade Agreement and, in particular-
(i) to conclude bilateral and multilateral agreements that create obligations to protect and enforce intellectual property rights that cover new and emerging technologies and new methods of transmission and distribution; and
(ii) to prevent or eliminate discrimination with respect to matters affecting the availability, acquisition, scope, maintenance, use, and enforcement of intellectual property rights;
(C) to secure fair, equitable, and nondiscriminatory market access opportunities for United States persons that rely upon intellectual property protection;
(D) to take an active role in the development of the intellectual property regime under the World Trade Organization to ensure that it is consistent with other United States negotiating objectives; and
(E) to take an active role in the World Intellectual Property Organization (WIPO) to develop a cooperative and mutually supportive relationship between the World Trade Organization and WIPO.

(6) TRANSPARENCY.-- The principal negotiating objective of the United States with respect to transparency is to obtain broader application of the principle of transparency through--
(A) increased public access to information regarding trade issues,
(B) clarity in the costs and benefits of trade policy

actions, and
(C) the observance of open and equitable procedures in trade policy matters by parties to international trade agreements;

(7) TRADE IN CIVIL AIRCRAFT.-- (A) The principal negotiating objectives of the United States regarding trade in civil aircraft are to--
(i) obtain competitive opportunities for United States exports in foreign markets substantially equivalent to those afforded to foreign products in the United States;
(ii) obtain the reduction or elimination of specific tariff and non-tariff barriers, including through expanded membership in the Agreement on Trade in Civil Aircraft and in the complimentary 1992 US-EC bilateral agreement for large civil aircraft;
(iii) maintain vigorous and effective disciplines on subsidies practices with respect to civil aircraft products under the Agreement on Subsidies and Countervailing Measures;
(iv) maintain the scope and coverage on indirect support as specified in the July 17, 1992 US-EC bilateral agreement on large civil aircraft; and
(v) obtain increased transparency for foreign subsidy programs in the civil aircraft sector, both through greater government disclosure as to the use of taxpayer monies and higher financial disclosure standards for companies receiving government supports (including disclosure comparable to that required under United States securities law).

(B) For purposes of subparagraph (A) --
(i) the term "civil aircraft" products means those products to which the Agreement on Trade in Civil Aircraft applies;
(ii) the term "Large civil aircraft" means those products to which the July 17, 1992 US-EC bilateral agreement applies; and
(iii) the term "indirect support" means indirect support as defined in the July 17 1992 US-EC bilateral agreement.

(8) TRADE IN BASIC TELECOMMUNICATION SERVICES.--The principal negotiating objective of the United States in the extended negotiations on basic telecommunications services to be conducted under the auspices of the WTO is to obtain the opening of foreign markets for basic telecommunications services through facilities-based competition and the resale of services on existing networks on nondiscriminatory terms and conditions.

Proposed SAA Language on Labor, Environment and Fast Track

The Administration recognizes that the relationships between trade and the environment, and trade and internationally recognized workers rights, are controversial subjects. The Administration believes that these are important issues, and worked hard to insure that they would be part of the agenda of the WTO in the coming years. However, the Administration recognizes there is not yet a consensus, either internationally or within the U.S., about how best to address these important linkages.

We believe that it is important to begin the multilateral dialogue on these issues, which can lead to a consensus in the coming years. The Administration is aware that in both the labor and environmental areas, multilateral progress is likely to come slowly. But ultimately, multilateral consensus holds out the greatest promise for lasting progress in these contentious areas.

Our goal is neither to erect barriers against exports from developing countries nor in any way deprive low-wage developing countries of their comparative advantage. The Administration is not seeing guidelines of the level of minimum wages, nor health and safety standards that are not appropriate to a country's level of development. We will oppose strongly the use of labor or environmental laws and standards for protectionist purposes. But at the same time, no country should seek to gain or maintain a comparative advantage or otherwise distort competitive conditions by maintaining artificially low labor or environmental standards.

The Administration recognizes that there is significant debate about whether, and how, environment and labor issues should be addressed in connection with future bilateral and regional trade agreements. The Administration believes that these issues are appropriate to be included as part of future negotiations with prospective trading partners, but believes that an approach should be worked out with Congress and the representatives of the private sector on a case by case basis, in the context of formulating objectives and getting broadbased support for a particular negotiation.

The Administration recognizes the depth of concern about the use of trade sanctions in the areas of environment and labor. In the absence of bipartisan Congressional support, the Administration would not negotiate agreements under this title which authorize resort to trade sanctions as a way of responding to environmental or labor practices by our trading partners that we find deficient.

It should be noted, however, that in cases where Congress has already enacted legislation, such as the Marine Mammal Protection Act or the Pelly Amendment, or section 301 or GSP, the Administration currently has authority, in consultation with the appropriate committees of Congress, to resort to trade sanctions in situations contemplated by the statute.

AMENDMENTS TO TITLE I RELATING TO TRADE AND THE ENVIRONMENT AND WORKER RIGHTS

__Legislative Language__

Section xx - Trade and the Environment

With respect to trade and the environment, the United States should seek in the WTO, and in other fora where appropriate, to promote compatibility between the rules of the international trading system and measures to further environmental protection, conservation, and sustainable development so as to achieve a mutually supportive relationship and attain the objectives of both trade and environmental policies.

Section xxx - Worker Rights

The United States shall seek, through the WTO and other appropriate international fora, to develop better multilateral understandings regarding internationally recognized worker rights in order to promote respect for such rights, ensure that the benefits of the trading system are available to all workers, and discourage the denial of worker rights.

__SAA Language__

Trade and the Environment

The objective set out in Section XX emphasizes the importance of a balanced approach to the issue of trade and environment, with the core being to promote compatible evolution of an open trading system and pursuit of environmental objectives. The objectives also address the need for the trading system and environmental and health policies to evolve in a mutually supportive and consistent manner.

In participating in the work of the WTO Committee on Trade and Environment (CTE) the United States will be guided by the following objectives:

(i) to examine relevant rules of the international trading system as they affect the environment in order to identify, in consultation with environment, business and consumer organizations, appropriate recommendations to ensure a balanced and open trading system which preserves the ability of countries to effectively protect the environment and health without creating disguised restrictions to trade;

ii) to ensure ongoing integration of health and environment considerations in interpreting the rules of the WTO Agreements;

iii) to preserve the rights of parties to multilateral, regional or bilateral trade or investment agreements to set environmental standards at the level they deem appropriate;

iv) to prevent discriminatory barriers to trade from being erected in guise of health or environmental measures;

v) to prevent the relaxation of environmental protection laws and regulations as an incentive to attract investment;

vi) to promote transparency and public participation in domestic processes relating to trade and environment, and

vii) to increase public access to information regarding work in the WTO, including in particular the proceedings of the CTE and dispute settlement proceedings.

A priority of the United States in the CTE will be to examine relevant rules governing international trade as they affect the environment in order to identify such modifications as may be appropriate to ensure a balanced and open trading system which preserves the ability of countries to effectively protect the environment and health without creating disguised restrictions to trade. The CTE is expected to examine other issues including existing disciplines regarding packaging and labeling measures, and rules governing the use of processes and production methods, in particular as these rules relate to living natural resources.

The Administration will consult closely with the Congress as this work progresses. The Administration will also consult with environment, business and consumer organisations on the interaction of the rules of the WTO and health and environment policies in developing positions for the work in the CTE.

The United States is also interested in ensuring ongoing integration of health and environment considerations in interpreting the relevant rules of the WTO Agreements. For example, it is important to preserve the rights of parties to multilateral, regional or bilateral trade agreements to set health and environmental standards at the level they deem appropriate.

As a matter of high priority, in the CTE the United States will actively seek to increase public access to information regarding work in the WTO, including in particular the proceedings of the CTE and dispute settlement proceedings, and will promote transparency and public participation in domestic processes relating to trade and environment.

Workers' Rights

The implementing legislation directs the President to seek establishment of a GATT working party, and upon the WTO's entry into force, a WTO committee to examine the relationship of internationally recognized worker rights (as defined in the GSP statute) to the articles, objectives and related instruments of the GATT and the WTO.

The Administration believes that the U.S. objectives for the working party should be to--

(1) explore the linkage between the conduct of international trade and respect for internationally recognized worker rights, taking into account developmental differences;

(2) examine the international trade effects of the systematic denial of such rights; and

(3) consider ways to address such effects.

In the working party, the Administration will seek examination of the relationship between internationally recognized labor standards and international trade. The WTO should examine how the application of international trade rules could strengthen respect for worker rights within a multilateral framework.

In approaching such work, the Administration will seek to develop an international consensus regarding certain core worker rights dealing with: (1) freedom of association; (2) right to organize and bargain collectively; (3) freedom from forced or compulsory labor; (4) a minimum age for the employment of children; and (5) measures setting forth minimum standards with respect to conditions of work.

In seeking to build a multilateral consensus, the Administration's goal is to encourage higher labor standards around the world. Our goal is neither to erect barriers against exports from developing countries nor in any way to deprive low-wage developing countries of their comparative advantage. The Administration is not seeking guidelines on the level of minimum wages, nor health and safety standards that are not appropriate to a country's level of development. At the same time, no country should seek to gain or maintain a comparative advantage or otherwise distort competitive conditions by maintaining artificially low labor standards.

House Republicans Draft

AGREEMENT FOR FAST TRACK AUTHORITY
August 12, 1994

I. TRADE AGREEMENT AUTHORITIES

A. Tariff Proclamation Authority Regarding Tariff Barriers

Provides authority to the President until December 15, 1997 (unless extended to December 15, 2000) to proclaim tariff modifications in order to implement a trade agreement that reduces or eliminates tariffs that burden U.S. foreign trade and that promotes the objectives of the title.

B. Tariff and Nontariff Agreements Eligible for Fast Track Procedures

Provides that the President may until December 15, 1997 (unless extended to December 15, 2000) enter into bilateral, regional or multilateral trade agreements providing for the reduction or elimination of tariff and non-tariff barriers and may submit implementing legislation for such agreements under the fast track procedures if the below conditions are satisfied.

(1) Prenegotiation Notice and Consultations -- At least sixty-calendar days prior to starting formal negotiation, the President will have to provide written notice to the Congress of his intent to enter into negotiations on an agreement and consult with the relevant committees regarding the negotiations. The notice should set forth the specific U.S. objectives for the negotiations.

Prior to submission of the notice to Congress, the President will be required to seek the advice of an consult fully with the relevant private sector advisory committees established pursuant to section 135 of the Trade Act of 1974 regarding the proposed negotiations and the negotiating objectives he proposes to establish for them.

During the 60-calendar days following the notice or the first 15 legislative days following the notice, whichever is longer, either House may disapprove the applications of fast track procedures for the particular agreement by passing a procedural disapproval resolution.

Certain negotiations which have already been notified or which are close to conclusion will be exempt from this requirement.

(2) **Objectives and Prenegotiation Procedures** -- The agreement must make substantial progress toward meeting the negotiating objectives of this title. In addition, the traditional pre-negotiation procedural requirements (public hearings, USITC and other agency advice) under section 131-134, the reservation requirements under section 127, and the private sector advisory committee requirement under section 135 of the 1974 Trade Act of 1974 would continue to apply.

(3) **Post-negotiation Consultations** -- Before signing an agreement, the President must give Congress advance notice of his intention to enter into the agreement and consult with the House and Senate committees of jurisdiction. The consultations should cover the provisions of the agreement, how and to what extend it will achieve the negotiating objectives, and all matters relating to implementation. The President will be required to give 120 day advance notice in order to permit the private sector advisory committees 45 days to submit their reports evaluating the agreement and the Congress time to consider the reports and the agreements before they are signed.

II. FAST TRACK PROCEDURES

A. Documentation

After the President enters into an agreement, he must submit certain documentation, including a coy of the final legal text of the agreement together with a draft implementing bill, a statement of administrative action and certain specified supporting information, including a statement which:

(a) asserts that the agreement makes progress in achieving the applicable objectives in this title;
(b) sets forth the President's reasons as to, among other things, how the provisions of the implementing bill substantially relate to the principal negotiating objectives in this title, and
(c) describes any environmental and conservation issues for the United States associated with the agreement.

B. Fast Track Procedures

Formal fast track procedures of section 151 of the 1974 Act (19 U.S.C. 2191) would apply with the following amendments:

Extension Request -- The fast track procedures will be extended until December 15, 2000 only if the President requests an extension before September 15, 1997 and neither House of Congress adopts an extension disapproval resolution before December 15, 1997. The extension request will have to be accompanied by a report describing any agreements which are expected to be negotiated during the extension period, the progress that has been made in agreements for which negotiations have already started and the reasons why the extension is needed. The Advisory Committee for Trade Policy and Negotiations will have to submit a report at the time the extensions request is made. The mid-term extension procedures provided for in the 1988 Trade Act will apply to Congressional consideration of extension disapproval resolutions.

Additional Limitations--

(a) The fast track procedures will not be available if both Houses of Congress pass procedural disapproval resolutions during any 60 legislative day period before December 15, 2000. The only basis for the disapproval resolution is a lack of consultations, as is the case of the "reverse fast track" procedures in the 1988 Act.

(b) In addition to the notification and consultation requirements before and after negotiation of the agreement and the pranegotiation disapproval process, the fast track procedures will only be available for a bill implementing a particular agreement, if

(i) the agreement makes substantial progress in meeting the principal trade negotiating objectives set forth in this title,

(ii) the provisions of the implementing bill are substantially related to the principal trade negotiating objectives set forth in this title,

(iii) the implementing bill contains no appropriation or automatic authorization,

(iv) the implementing bill contains no trade sanctions except those applicable to trade practices or policies that impede or undermine the principal negotiating objectives, and

(v) the implementing bill does not contain provisions changing U.S. labor or environmental laws.

The time-periods in section 151(e) regarding committee and floor consideration will remain unchanged.

III. NEGOTIATING OBJECTIVES

The proposal sets forth both overall and principal negotiating objectives for agreements which will be subject to the "fast track procedures." The overall objectives are to obtain more open, equitable, and reciprocal market access; to further strengthen the system of international trading disciplines and procedures, and to foster economic growth and full employment in the United States and the global economy.

Principal negotiating objectives are set forth for trade in goods, trade in services, trade in financial services, foreign direct investment, intellectual property, transparency, trade in civil aircraft and trade in basic telecommunication services. They provide for expanded market opportunities and more open and equitable conditions of trade through the elimination and reduction of barriers in the areas of trade in goods, services, financial services and basic telecommunication services and foreign direct investment. The objectives also provide for furthering the promotion of adequate and effective protection of intellectual property and improving market access opportunities for persons relying on such protection. For trade in civil aircraft, the objectives provide for the obtaining of competitive opportunities for U.S. exports, reducing barriers and maintaining disciplines on subsidies. The proposed legislative language for all negotiating objectives is attached.

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ATTACHMENT – LEGISLATIVE LANGUAGE ON TRADE NEGOTIATING OBJECTIVES

Sec. xx1. Trade Negotiating Objectives
(a) OVERALL TRADE NEGOTIATING OBJECTIVES. — The overall trade negotiating objectives of the United States for agreements subject to the provisions of section xx2 are to:

(1) obtain more open, equitable, and reciprocal market access;

(2) further strengthen the system of international trading disciplines and procedures and

(3) foster economic growth and full employment in the United States and the global economy.

(b) PRINCIPAL TRADE NEGOTIATING OBJECTIVES. —

(1) TRADE IN GOODS.-- The principal negotiating objective of the United States regarding trade in goods is to expand competitive market opportunities for United States exports in foreign markets substantially equivalent to the competitive opportunities afforded foreign exports to United States markets and to obtain more open and equitable conditions of trade by reducing or eliminating specific barriers and other trade distorting policies or practices.

(2) TRADE IN SERVICES. -- The principal negotiating objective of the United States regarding trade in services is to obtain more open and equitable conditions of trade by reducing or eliminating barriers to international trade in services, including regulatory and other barriers that deny national treatment and restrict the establishment and operations of service suppliers.

(3) TRADE IN FINANCIAL SERVICES. -- The principal negotiating objective of the United States in the extended negotiations on financial services to be conducted under the auspices of the WTO is to secure commitments, in a wide range of commercially important industrial and developing countries, to a reduction or elimination of barriers to the supply of financial services, including barriers that deny national treatment and restrictions ont he establishment and operation of financial

services providers, as the condition for offering U.S. commitments in each of the financial services subsectors on an MFN basis.

(4) FOREIGN DIRECT INVESTMENT. -- The principal negotiating objective of the Untied States regarding foreign direct investment is to reduce or eliminate artificial or trade-distorting barriers to foreign direct investment by--

(A) reducing or eliminating exceptions to the principle of national treatment,
(B) freeing the transfer of funds related to investments,
(C) reducing or eliminating performance requirements,
(D) affirming international legal standards for expropriation and compensation for expropriation, and
(E) providing meaningful procedures for resolving investment disputes.

(5) INTELLECTUAL PROPERTY. -- The principal negotiating objectives of the United States regarding the protection of intellectual property rights are-

(A) to accelerate the implementation of the Agreement on Trade-Related Aspects of Intellectual Property Rights referred to in section 101(d)(15) of the Uruguay Round Implementation Act;
(B) to seek enactment and effective implementation by foreign countries of laws to protect and enforce intellectual property rights that supplement and strengthen the standards of the Agreement on Trade-Related Aspects of Intellectual Property Rights referred to in section 101(d)(15) of the Uruguay Round Implementation Act and the North American Free Trade Agreement and, in particular-,

(i) to conclude bilateral and multilateral agreements that create obligations to protect and enforce intellectual property rights that cover new and emerging technologies and new methods of transmission and distribution; and
(ii) to prevent or eliminate discrimination with respect to matters affecting the availability, acquisition, scope, maintenance, use, and enforcement of intellectual property rights;

(C) to secure fair, equitable, and nondiscriminatory market access opportunities for United States persons that rely upon intellectual property protection;
(D) to take an active role in the development of the intellectual property regime under the World Trade Organization to ensure that it is consistent with other United States negotiating objectives; and

(E) to take an active role in the World Intellectual Property Organization (WIPO) to develop a cooperative and mutually supportive relationship between the World Trade Organization and WIPO.

(6) TRANSPARENCY. -- The principal negotiating objective of the United States with respect to transparency is to obtain broader application of the principle of transparency through--

(A) increased public access to information regarding trade issues,
(B) clarity in the costs and benefits of trade policy actions, and
(C) the observance of open and equitable procedures in trade policy matters by parties to international trade agreements.

(7) TRADE IN CIVIL AIRCRAFT.-- (A) The principal negotiating objectives of the United States regarding trade in civil aircraft are to--

(i) obtain competitive opportunities for United States exports in foreign markets substantially equivalent to those afforded to foreign products in the United States;
(ii) obtain the reduction or elimination of specific tariff and non-tariff barriers, including through expanded membership in the Agreement on Trade in Civil Aircraft and in the complimentary 1992 US-EC bilateral agreement for large civil aircraft;
(iii) maintain vigorous and effective disciplines on subsidies practices with respect to civil aircraft products under the Agreement on Subsidies and Countervailing Measures;
(iv) maintain the scope and coverage on indirect support as specified in the July 17, 1992 US-EC bilateral agreement on large civil aircraft; and
(v) obtain increased transparency for foreign subsidy programs in the civil aircraft sector, both through greater government disclosure as to the use of taxpayer monies and higher financial disclosure standards for companies receiving government supports (including disclosure comparable to that required under United States securities law).

(B) For purposes of subparagraph (A) --

(i) the term "civil aircraft" products means those products to which the Agreement on Trade in Civil Aircraft applies;
(ii) the term "Large civil aircraft" means those products to which the July 17, 1992 US-EC bilateral agreement applies; and
(iii) the term "indirect support" means indirect support as defined in the July 17, 1992 US-EC bilateral agreement.

(8) TRADE IN BASIC TELECOMMUNICATION SERVICES.--The principal negotiating objective of the United States in the extended negotiations on basic telecommunications services to be conducted under the auspices of the WTO is to obtain the opening of foreign markets for basic telecommunications services through facilities-based competition and the resale of services on existing networks on nondiscriminatory terms and conditions.

Proposed SAA Language on Labor, Environment and Fast Track

The Administration recognizes that the relationships between trade and the environment, and trade and internationally recognized workers rights, are controversial subjects. The Administration believes that these are important issues, and worked hard to insure that they would be part of the agenda of the WTO in the coming years. However, the Administration recognizes there is not yet a consensus, either internationally or within the U.S., about how best to address these important linkages.

We believe that it is important to begin the multilateral dialogue on these issues, which can lead to a consensus in the coming years. The Administration is aware that in both the labor and environmental areas, multilateral progress is likely to come slowly. But ultimately, multilateral consensus holds out the greatest promise for lasting progress in these contentious areas.

Our goal is neither to erect barriers against exports from developing countries nor in any way deprive low-wage developing countries of their comparative advantage. The Administration is not seeing guidelines of the level of minimum wages, nor health and safety standards that are not appropriate to a country's level of development. We will oppose strongly the use of labor or environmental laws and standards for protectionist purposes. But at the same time, no country should seek to gain or maintain a comparative advantage or otherwise distort competitive conditions by maintaining artificially low labor or environmental standards.

The Administration recognizes that there is significant debate about whether, and how, environment and labor issues should be addressed in connection with future bilateral and regional trade agreements. The Administration believes that these issues are appropriate to be included as part of future negotiations with prospective trading partners, but believes that an approach should be worked out with Congress and the representatives of the private sector on a case by case basis, in the context of formulating objectives and getting broadbased support for a particular negotiation.

The Administration recognizes the depth of concern about the use of trade sanctions in the areas of environment and labor. In the absence of bipartisan Congressional support, the Administration would not negotiate agreements under this title which authorize resort to trade sanctions as a way of responding to environmental or labor practices by our trading partners that we find deficient.

It should be noted, however, that in cases where Congress has already enacted legislation, such as the Marine Mammal Protection Act or the Pelly Amendment, or Section 301 or GSP, the Administration currently has authority, in consultation with the appropriate committees of Congress, to resort to trade sanctions in situations contemplated by the statute.

LANGUAGE ON LABOR RIGHTS AND GATT/WTO

To be added in Title I:

The President shall seek the establishment in the GATT, and, upon entry into force of the WTO for the United States, in the WTO, of a working party to examine the relationship of internationally recognized worker rights, as defined in section 502(a)(4) of the Trade Act of 1974, to the articles, objectives, and related instruments of the GATT, and of the WTO, respectively.

The objectives of the working party are to—

(1) explore the linkage between international trade and internationally recognized worker rights, taking into account developmental differences;

(2) examine the international trade effects of the systematic denial of such rights;

(3) consider ways to address such effects; and

(4) develop means for coordination with the International Labor Organization.

The President shall report to Congress, not later than one year after the date of enactment of this Act, on the progress made in establishing the working party and on U.S. objectives with respect to its work program.

The President shall pursue, in appropriate international fora, the development of a consensus on the relationship between international trade and the environment with the goal of promoting compatibility between international trade and environmental policies, consistent with protection of the environment and promotion of sustainable development, and maintenance of an open, equitable, and nondiscriminatory multilateral trading system based on fair and predictable rules.

Page 3, section (b), (iv) --

substitute for Thelma's language:

any trade sanctions contained in the implementing shall only be applicable to trade related policies or practices that impede or undermine the principal negotiating objectives